Gas Metering Review

Submission prepared by: Metrix

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QUESTION	COMMENT
Q1: Do you agree with this assessment? Why or why not?	Metrix does not agree that the primary focus for gas meter owners is the supply of metering services on networks where they are also the network owner. Metrix is not a network owner but do supply a broad range of metering services. Metrix's view (from a meter owner perspective) is that Retailers are open to and comfortable with dealing with more than one party (network and metering - noting electricity metering works this way and parallels in operational efficiencies can be drawn from this). Our view is the main reason why this has not occurred to date in the gas market is likely due to no real alternative meter owners in the market that are not network owners. Once there are alternatives then service differentiators, price point and consumer benefit will become front of mind. In the electricity metering market, a contestable metering model has provided beneficial operating outcomes for Retailers. In terms of new connections, Metrix does not agree that the network owner is generating demand for new connections. Such a claim would be akin to Auckland International Airport claiming to be the sole reason behind all tourism in New Zealand. Although it is accepted that without the gas network infrastructure choice is limited to the consumer (other than bottled LPG); the demand is more likely driven by consumer choice, price point and housing development in high growth areas (e.g. Auckland growth target over next 10 years is ~100k new houses). From this view it is more logical to offer retailers a choice (and therefore consumer choice) in terms of metering competition for new connections, whilst the network companies focus on safe operation, laying more infrastructure and the industry actively market the benefits of natural gas. It is worth noting that Network owners accredit who can work on their network to add gas meter connections (including meter swap on existing connections). It would be of concern if

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		Network owners leveraged their unique market position to create a barrier for any new entrants into the market, further enhanced by the current limitations on field service providers in the key markets (i.e. in most cases there is only one mature service provider)
Q2:	Do you have experience with preferred supplier provisions in a GMSA? If so, what effect do you think it has on the market for metering services? Are there any other comments you wish to make about these provisions?	Metrix does not have experience with preferred supplier provisions in a GMSA at this stage. However from a Metrix perspective, any preferred supplier provisions would be an inhibitor if the network were to prescribe a preferred metering owner or limit metering owners/technology on the network. Similarly it would not be competitive if a single metering owner were to implement preferred supplier agreements with more than say 50% (by market share) of Retailers within a network as this may increase costs, inhibit new services and create barriers for existing and new entrant meter owners in a network.
Q3:	Do you have any observations or comments to make about new connections service request processes? Are they fair, or do they unduly favour certain meter owners?	From our experience the new connections service request process is heavily weighted towards certain meter owners mostly due to limited options for the retailers (refer question 1). This goes further than just the network owners systems to include field service provider systems as well (noting the limited number of field service providers that are mature enough to offer the required services). Metrix has observed that the service offering is limited (i.e. legacy meter and manual read) and as such there is no real differentiator between providers and no motivation for using an alternative other than price point. New connections in itself does not provide a favourable option for a new meter owner market entrant due to the relative low associated volumes. We note that new connections require new equipment. For mass deployment or replacement activity, we do see a lack of economic fairness in having to replace perfectly good ancillary equipment e.g. house bracket, cover and associated pipework (despite being fully or partially depreciated in accounting terms) which could be considered common infrastructure or part of the network. By way of example, common utility trenches are used by various independent firms for gas, water, power and fibre. The same can be said for councils re-using power poles for street lighting.

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Q4:	Do you agree that a model GMSA and benchmark terms are not required? Why or why not?	Metrix's view is that these are commercial terms between organisations and as such should not be standardised by the regulator. Required standards and certifications as it relates to metering sites, data and installations should be clearly defined by the regulator within the Rules and Regulations. GMSAs would then refer to compliance with these rules as a market participant. However, it is the single operator position of the network owners (and associated network based agreements – excluding the GMSA components) that should be benchmarked to ensure there are no constraints associated with meter data service, technology or owner placed on the Retailers to limit new meter owner entrants.
Q5:	Given that the template GMSAs for the two largest providers are already broadly aligned, do you consider it likely that a similar outcome will be achieved for GMSAs for advanced metering services? If that outcome were not achieved, what issues would arise for you and would these be significant in terms of cost or efficiency?	As stated above these agreements are commercial in nature and should be between organisations. It is Metrix's view that improved competition will drive market terms rather than regulatory measures. From our experience with electricity meter ownership, it is primarily the competitive landscape that enhances consumer benefit, health & safety and cost efficiency, not regulatory measures.
Q6:	Why do you think retailers may not be amenable to moving to separate network and metering services agreements?	Metrix's view is that retailers will be amendable to moving to separate agreements once more competition exists in the meter ownership market and there is service differentiators. Refer question 1. Retailers have embraced the contestable nature of electricity metering and we see this as an appropriate comparator.
Q7:	What is required to incentivise a move to signed, separate network and metering services agreements and what is the best path to achieving that? Alternatively, is this	Moving the industry to advanced meter services (that would likely include mass deployment of replacing legacy meters and equipment) and the entry to the market of a major competitor (that is not a network owner) will drive forward this process. Given these are commercial agreements this should be left to the parties themselves (noting the exceptions as relates to network owner agreements in question 4).

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	a matter best left to the parties themselves?	
Q8:	Do you have any views on these issues? Are they issues that Gas Industry Co should advance, and if so, what do you suggest?	Lessons from Metrix involvement in the electricity industry, indicates it can be a very costly exercise for market participants (that ultimately gets passed on to consumers) to maintain registry information; hence only data required to enable accurate billing and ease of consumer switching should be required on the registry. Metrix's view (as it relates to meter make and model) is unlike electricity, the gas site variables are limited and as such do not need as much information from a meter owner perspective. Given the other information already available on the Registry (e.g. Standard/Prepay/Advanced Meter) there is little benefit in including meter make or model. With regards to meter type, it seems the actual requirement is associated with load size to support determining a suitable tariff. Perhaps this should be reviewed by asking the following questions: 1. What is actually required? 2. Does this provide consumer benefit? 3. Is there existing data on the Registry that does or can (via redefinition) provide the required information? Metrix's view (as it relates to ICP sticker on the meter) is that visible ICP identification at site is appropriate. However, ICP relates to the site, not just the meter (as with Electricity). The Electricity ICP is on the meter board/box not the meter, therefore maybe a solution is to have gas ICP recorded elsewhere that represents the ICP site rather than meter (noting some exceptions may apply). Either way, this should only be required upon next visit to site, as opposed to requiring a specific work program to resolve this issue for all current installations. There needs to be more focus and market education on the process around meter ownership as it relates to meter owner switching on the registry.
Q9:	Are there any other comments or feedback you would like to provide	Any other comments have been included in the response to Question 4.

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	in relation to metering services agreements?	
Q10:	Do you have any comments or observations about the state of the advanced gas metering market?	The gas industry globally (as it relates to gas AMI solutions) remains less advanced than the electricity market from our perspective. This has been influenced by the nature of gas market operations, limited need for rich alert information and to a lesser extent, the reliance on battery-life to power the electronics in the meter and deliver a positive business case. For the New Zealand residential gas market, we face additional challenges due to our relatively low market volume, the specific services required by retailers and consumers are not clearly defined (noting your section 'Cost and Benefits') and our field conditions (i.e. meter on outside of house - more akin to that of North America). Metrix's view, is allow the market to deliver the right technical solution that meets the market dimensions rather than regulating what that solution should be.
Q11:	Do you agree with this assessment?	Metrix's view is that Advanced metering in gas should follow a similar process to that of electricity in that formats are to be agreed between organisations, as well as the services to be provided. It is the view of Metrix that if you mandate metering technology this will only drive up cost to the retailer (and as a result the consumer) and therefore limit its advancement. It would be pragmatic to agree the minimum data set for advanced metering via a consultation process with all impacted market participants.
Q12:	Should Gas Industry Co request that the File Formats Working Group develop a standard construct for advanced metering services and a minimum dataset (and provide assistance to reconstitute the group to include meter owners)?	Metrix's view (as mentioned above) is that file formats (in terms of providing data to retailers for services) do not need to be defined and should not be mandated. This should be agreed between the parties i.e. the meter owner and retailer.

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Q13:	Do you agree with this assessment?	Metrix agrees with this assessment as it relates to the need not to regulate providing there is common understanding across the industry regarding not sharing data with other participants without agreement/consent of the consumer, retailer and meter owner, or without reason to do so e.g. network management and health and safety reasons. There are already other mechanisms in place to protect consumers via the Privacy Act, Retailer agreements etc. It is more relevant for network owner agreements to be clear regarding the use of data for network management only, with a provision for an audit function to confirm that this has been complied with.
Q14:	Do you consider that there are registry-related issues that still need to be addressed to support the deployment of advanced gas meters? If so, please describe the issues that arise and how changes to the registry could resolve them.	As mentioned above, the main focus of any data on the registry should be to deliver consumer benefit from ease of switching and more accurate billing and as such it may be pragmatic to review the attributes associated to meter ownership: 1. To ensure it is appropriate for all technology types i.e. full advanced meter and bolt-on, and 2. To remove or make optional any data that does not provide customer benefit or is duplicated (e.g. is both Responsible Meter Owner Code and Advanced Meter Owner Code required). Please also refer to question 3 in respect of ancillary equipment concerns.
Q15:	Are there any other comments you would like to make about the Advanced Metering Paper – or about advanced metering in general?	We have noticed in the gas metering review there is very limited mention of the field service providers. From our experience ensuring there is an active competitive market for field service providers is essential in ensuring safe site practices whilst increasing economic benefits for the switch to the new technology. From our experience (based on performing limited field trials of gas metering), unlike electricity the gas meter box is not owned by the consumer but rather the gas meter provider and as such creates potential barriers for a new market entrant. For a new entrant to enter the market, the inability to reuse some of this componentry (especially the wall bracket) could pose consumer pushback and higher installation costs as it relates to the removal and replacement of a bracket onto the consumers house. Further advancement in new technology would be more rapid in our view, by reusing existing componentry of the gas measuring system that makes pragmatic sense (e.g house bracket, cover and associated pipework). It may be pragmatic to redefine the gas measurement system to consider ancillary equipment as network equipment under fair and

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	reasonable commercial terms without prejudice, to enable new entrants to the market and hence improve competition. During our limited trial we discovered that the majority of gas metering coming out of Europe are based upon a 6-8m3 per hour meter capacity rather than the preferred NZ capacity of 10m3 per hour. The perceived requirement of 10m3 for the NZ market poses limitations on advancement in the NZ market (due to the relatively low meter volume) to justify the investment by the metering companies in a high capacity advanced meter. For further response this this question please refer question 10.
Q16: Are there any issues in relation to gas metering-related consumer complaints that you wish to raise?	Not at this stage.